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**June 15, 2004
FOR IMMEDIATE RELEASE**

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**FORMER OPM EMPLOYEE SENTENCED TO 10 YEARS FOR CONSPIRACY AND
THEFT OF ALMOST \$4 MILLION FROM THE CIVIL SERVICE RETIREMENT
TRUST FUND**

Greenbelt, Maryland - United States Attorney Thomas M. DiBiagio announced that today U.S. District Court Judge Peter J. Messitte sentenced Agatha Malloy, age 42, of Indian Head, Maryland, a former employee the Office of Personnel Management (OPM), to 10 years in jail followed by 3 years of supervised release in connection with a theft and bribery scheme that caused approximately \$3.7 million in fraudulent payments by the Civil Service Retirement Trust Fund. Judge Messitte also ordered Malloy to pay \$3.179 million in restitution to OPM.

According to the statement of facts presented to the court on February 27, 2004 when Malloy pleaded guilty, Malloy was employed by OPM as a retirement benefits specialist whose official duties included authorizing non-recurring payment actions ("NRPA's") – unusual one-time payments made to retroactively adjust federal benefits – as well as monthly benefits payments. Between 1996 and December 2002, Malloy and another OPM employee, Anita Cary, arranged for various individuals to illegally obtain NRPA's from the OPM, Retirement Trust Fund. Malloy and Cary caused OPM to make improper payments to at least 25 OPM retirement annuitants from 1996 until December 2002. During the conspiracy, Malloy and Cary also arranged for annuitants to receive

an unlawfully increased monthly annuity payment, or in some cases, to receive an annuity payment to which they were not lawfully entitled. From 1996 through December 2002, Agatha Malloy illegally caused OPM to make payments totaling more than \$3.7 million to the individuals named above and others involved in this illegal scheme. The payments, both NRPA's and monthly annuity payments, were usually sent by electronic transfer directly into the annuitant's bank account, but were on occasion sent by check to an annuitant, who would then deposit the check into his/her bank account. Nearly all of the banks utilized by annuitants were located in Maryland. Malloy and Cary demanded and received kickbacks from the annuitants, who, at her direction of Malloy, generally withdrew from their bank accounts about half of the transferred funds, which they then paid in cash, directly or indirectly, to Malloy and Cary.

In sentencing Malloy, Judge Messitte said that she committed a "terrible fraud" in which she and others would "steal and steal in the millions" and that "the community is outraged by what you did." Taking note of other defendants who became involved in the fraud scheme, Judge Messitte said that Malloy "ruined a lot of lives besides your own."

In addition to Malloy, Cary and 15 others have been charged with fraud and/or bribery offenses relating to their efforts to defraud OPM. Most of the defendants have entered or are scheduled to enter guilty pleas; one case is scheduled for trial in November. To date, Judge Messitte has imposed prison sentences on co-defendants Paul A. Washington, age 59 of Clinton, Maryland (18 months), Francis D. Stewart, age 65, of Brandywine, Maryland (1 year) and Deborah D. Stewart, age 46 of Brandywine, Maryland (2 years).

The case was investigated by the Office of Personnel Management's Inspector General, and the Federal Bureau of Investigation's Metropolitan Maryland Resident Agency in Calverton and the U.S. Attorney's office in Greenbelt. It was prosecuted by Assistant United States Attorneys Barbara S. Skalla and Stuart A. Berman.